

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6209

BILL NUMBER: HB 1877

NOTE PREPARED: Jan 24, 2003

BILL AMENDED:

SUBJECT: Expansion of Disease Management Program.

FIRST AUTHOR: Rep. Duncan

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State

X

Summary of Legislation: This bill expands the Medicaid disease management programs for asthma, diabetes, congestive heart failure, coronary heart disease, and HIV to the entire state.

Effective Date: July 1, 2003.

Explanation of State Expenditures: The Disease Management Program is for Medicaid recipients who are not enrolled in the risk-based managed care program. Current statute requires a Disease Management program in the 16 most populous counties of the state. This bill would expand the program to the remaining 76 counties.

The Office of Medicaid Policy and Planning (OMPP) is currently planning a phased-in statewide implementation of the disease management program using the existing public health infrastructure. Statewide implementation would be accomplished by the end of CY 2004. Costs associated with program evaluation, modification, and statewide rollout of the program are not known at this time. The bill specifies that the Office is to contract with an outside vendor to develop, implement, and evaluate the programs. OMPP is currently planning on using the existing public health infrastructure to implement the program. If using an outside vendor, the cost of implementation will depend on the negotiated vendor contracts.

Implementation of the Disease Management Program may reduce total medical expenditures in the long-term after any initial start-up costs. However, the extent of these costs and savings may not be known until the program is implemented. FSSA staff state that the disease management program for congestive heart failure should produce savings in approximately six months, and the program for diabetes should result in savings in approximately 18 months.

Background: Disease management refers to the process of a physician managing a patient's disease (such as asthma or epilepsy) on a long-term, continuing basis, rather than treating a single episode. Disease management is intended to improve patient care as well as save costs by seeing that the patient's condition

is well managed.

For FY 2001 the combined pool for disease management and case management was approximately 87,000 individuals. Of these, diabetes, asthma, and congestive heart failure comprised approximately 56,000 cases, and AIDS cases totaled 1,051.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning.

Local Agencies Affected:

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